

MM 96-173

VINCENT A. PEPPER  
ROBERT F. CORAZZINI  
PETER GUTMANN  
JOHN F. GARZIGLIA  
NEAL J. FRIEDMAN  
ELLEN S. MANDELL  
HOWARD J. BARR  
LOUISE CYBULSKI \*  
L. CHARLES KELLER \*  
MICHAEL J. LEHMKUHL \*  
\* NOT ADMITTED IN D.C.

PEPPER & CORAZZINI  
L. L. P.  
ATTORNEYS AT LAW  
200 MONTGOMERY BUILDING  
1776 K STREET, NORTHWEST  
WASHINGTON, D. C. 20006  
(202) 296-0600

AUDIO SERVICES  
DIVISION  
AM

ROBERT LEWIS THOMPSON  
GREGG P. SKALL  
E. THEODORE MALLYCK  
OF COUNSEL  
FREDERICK W. FORD  
1909-1986  
TELECOPIER (202) 296-5572  
INTERNET PEP@COMMLAW.COM

March 22, 1995

RECEIVED

Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Washington, D.C. 20554

AM EXAMINER  
MAR 23 1995

MAR 22 1995

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

RE: KIOX-AM, Bay City  
FCC File No. BAL-950216EA  
Request for Additional Information

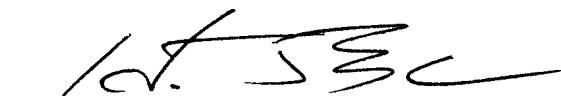
Dear Mr. Caton:

Enclosed pursuant to Andree Ellis' request, in triplicate, are the following items:

1. Security Agreement (Exhibit 7.1A)
2. The list of personal property to be purchased by Chameleon (Exhibit 1.1A)
3. The Land Lease Agreement between the Long Estate and North Star Communications (recently assumed by Landrum Enterprises, Inc.)
4. The assignment of the above styled lease agreement (Exhibit 3.3D)
5. The Deed of Trust on the building in Bay City (7.1B)

Should any questions arise in connection with this matter, kindly communicate directly with the undersigned.

Respectfully submitted,



Howard J. Barr  
Counsel to Landrum Enterprises, Inc.

cc: Ms. Andree Ellis (via hand delivery)

DRAFT 3/2/95

RECEIVED

AUDIO SERVICES  
DIVISION  
AM BUREAU

MAR 22 1995

**Exhibit 7.1A**

**SECURITY AGREEMENT**

MAR 23

2 53 PM '95

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

THIS SECURITY AGREEMENT (this "Agreement") dated \_\_\_\_\_, 1995 is made by CHAMELEON RADIO CORPORATION, a Texas corporation (the "Grantor"), with an office at \_\_\_\_\_ to LANDRUM ENTERPRISES, INC., a Texas corporation (the "Secured Party"), with an office at 1905 West Loop, EL Campo, Texas 77437.

**WITNESSETH:**

WHEREAS, on even date herewith Grantor and Secured Party are entering into an Agreement of Purchase and Sale of Assets (the "Purchase Agreement") between Grantor as Buyer and Secured Party as Seller;

WHEREAS, as partial consideration for the assets to be purchased by Grantor under the Purchase Agreement, Grantor on even date herewith is executing a Promissory Note in the principal amount of \$100,000.00 in favor of Secured Party (the "Promissory Note"); and

WHEREAS, in order to secure payment of the Promissory Note, and as a material inducement to the Secured Party to enter into the Purchase Agreement and accept the Promissory Note in partial consideration for the assets to be purchased by Grantor under the Purchase Agreement, Grantor desires to grant the security interest contemplated by this Agreement;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor hereby agrees as follows:

**SECTION 1. Defined Terms and Related Matters.**

(a) The capitalized terms used herein which are defined in the Purchase Agreement or the Promissory Note and not otherwise defined herein shall have the meanings specified therein.

(b) The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(c) Unless otherwise defined herein or in the Purchase Agreement or the Promissory Note, the terms defined in Article 9 of the Uniform Commercial Code as currently in effect in the State of Texas are used herein as therein defined.

SECTION 2. Grant of Security. The Grantor hereby assigns and pledges to Secured Party, and hereby grants to Secured Party a security interest in, all of the Grantor's right, title and interest in and to the following, whether presently held or hereafter acquired (the "Collateral"):

(a) All equipment in all of its forms, wherever located, now or hereafter existing (including, but not limited to, all office machines, antennae, transmitting, broadcasting and receiving facilities and equipment, control room facilities and equipment, generators and amplifiers), and all parts thereof and all accessions thereto (any and all such equipment, parts and accessions being the "Equipment").

(b) All inventory in all of its forms, wherever located, now or hereafter existing (including, but not limited to, (i) all materials, supplies and replacement parts and tapes, recorded programs and commercials and Grantor's library of records, tapes and recordings, (ii) goods in which the Grantor has an interest in mass or a joint or other interest or right of any kind (including, without limitation, goods in which the Grantor has an interest or right as consignee), and (iii) goods which are returned to or repossessed by the Grantor), and all accessions thereto and products thereof and documents therefor (any and all such inventory, accessions, products and documents being the "Inventory");

(c) All accounts, contract rights, chattel paper, instruments, general intangibles and other obligations of any kind, now or hereafter existing, whether or not arising out of or in connection with the sale or lease of goods or the rendering of services, and all rights now or hereafter existing in and to all security agreements, leases, and other contracts securing or otherwise relating to any such accounts, contract rights, chattel paper, instruments, general

intangibles or obligations (any and all such accounts, contract rights, chattel paper, instruments, general intangibles and obligations being the "Receivables", and any and all such leases, security agreements and other contracts being the "Related Contracts");

(d) All rights, licenses, permits and authorizations issued by any regulatory agency, trademarks, tradenames, service marks, copyrights, franchises and other intangible personal property of Grantor (including, without limitation, the right to use the call letters of the Station) (any and all such rights, licenses, permits, authorizations, trademarks, tradenames, service marks, copyrights and other intangible personal property being the "Intangibles"); and

(e) All proceeds of any and all of the foregoing Collateral (including, without limitation, proceeds which constitute property of the types described in clauses (a), (b), (c) and (d) of this Section 2) and, to the extent not otherwise included, all payments under insurance (whether or not Secured Party is the loss payee thereof), or any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing Collateral.

The inclusion of proceeds in this Agreement does not authorize the Grantor to sell, dispose of or otherwise use the Collateral in any manner not specifically authorized hereby.

SECTION 3. Security for Obligations. This Agreement secures the prompt and complete (a) payment of all obligations of the Grantor to the Secured Party now or hereafter existing under the Promissory Note and (b) performance and observance by the Grantor of all covenants and conditions contained in the Promissory Note, whether for principal, interest, fees, expenses or otherwise (all such obligations, covenants and conditions described in the foregoing clauses (a) and (b) being hereinafter collectively referred to as the "Obligations").

SECTION 4. Grantor Remains Liable. Anything herein to the contrary notwithstanding, (a) the Grantor shall remain liable under the contracts and agreements included in the Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by Secured Party of any of the rights hereunder shall not release the Grantor from any of its duties or obligations under the

contracts and agreements included in the Collateral, and (c) Secured Party shall not have any obligation or liability under the contracts and agreements included in the Collateral by reason of this Agreement, nor shall Secured Party be obligated to perform any of the obligations or duties of the Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

SECTION 5. Representations and Warranties. The Grantor represents and warrants as follows:

(a) All of the Equipment and Inventory are located at the places specified in the Schedule attached hereto. The chief place of business and chief executive office of the Grantor and the office where the Grantor keeps its records concerning the Receivables, and all originals of all chattel paper which evidence Receivables, is located at the address first specified above for the Grantor. None of the Receivables is evidenced by a promissory note or other instrument.

(b) The Grantor owns the Collateral free and clear of any lien, security interest, charge or encumbrance except for the security interest created by this Agreement. No effective financing statement or other instrument similar in effect covering all or any part of the Collateral is on file in any recording office, except such as may have been filed in favor of Secured Party relating to this Agreement.

(c) The Grantor has exclusive possession and control of the Equipment and Inventory.

(d) This Agreement creates a valid and perfected first priority security interest in the Collateral, securing the payment and performance of the Obligations, and all filings and other actions necessary or desirable to perfect and protect such security interest have been duly taken.

(e) No authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required either (i) for the grant by the Grantor of the security interest granted hereby or for the execution, delivery or performance of this Agreement by the Grantor or (ii) for the perfection of or the exercise by Secured Party of its

rights and remedies hereunder, other than the filing of financing statements with the Secretary of State of the State of Texas and the County Clerk of Matagorda County, Texas.

SECTION 6. Further Assurances. (a) The Grantor agrees that from time to time, at the expense of the Grantor, the Grantor will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that Secured Party may reasonably request, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, the Grantor will: (i) mark conspicuously each document included in the Inventory and each chattel paper included in the Receivables and each Related Contract and, at the request of Secured Party, each of its records pertaining to the Collateral with a legend, in form and substance satisfactory to Secured Party, indicating that such document, chattel paper, Related Contract or Collateral is subject to the security interest granted hereby; (ii) if any Receivable shall be evidenced by a promissory note or other instrument or chattel paper, deliver and pledge to Secured Party hereunder such note, instrument or chattel paper duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance reasonably satisfactory to Secured Party; and (iii) execute and file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as Secured Party may reasonably request, in order to perfect and preserve the security interests granted or purported to be granted hereby.

(b) The Grantor hereby authorizes Secured Party to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral without the signature of the Grantor where permitted by law. A carbon, photographic or other reproduction of this Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

(c) The Grantor will furnish to Secured Party from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as Secured Party may reasonably request, all in reasonable detail.

(d) Grantor will promptly notify Secured Party of any change of its name, corporate structure, or the address of its principal place of business or chief executive office.

**SECTION 7. As to Equipment and Inventory.** The Grantor shall:

(a) keep the Equipment and Inventory (other than Inventory sold in the ordinary course of business) at the places therefor specified in Section 5(a) or, upon 30 days' prior written notice to Secured Party, at such other places in jurisdictions where all action required by Section 6 shall have been taken with respect to the Equipment and Inventory;

(b) cause the Equipment to be maintained and preserved in the same condition, repair and working order as when new, ordinary wear and tear excepted, and in accordance with any manufacturer's manual, and shall forthwith, or in the case of any loss or damage to any of the Equipment as quickly as practicable after the occurrence thereof, make or cause to be made all repairs, replacements, and other improvements in connection therewith which are necessary or desirable to such end; the Grantor shall promptly furnish to Secured Party a statement respecting any loss or damage to any of the Equipment and will permit Secured Party and its agents to inspect the Collateral at any time;

(c) pay promptly when due all property and other taxes, assessments and governmental charges or levies imposed upon, and all claims (including claims for labor, materials and supplies) against, the Equipment and Inventory, except to the extent the validity thereof is being contested in good faith;

(d) not permit anything to be done that may impair the value of any of the Equipment and Inventory or the security intended to be afforded by this Agreement or permit the Equipment or Inventory to become an accession to other goods; and

(e) cause all Inventory to be manufactured and produced in compliance with all applicable laws.

**SECTION 8. Insurance.** (a) The Grantor shall, at its own expense, maintain insurance with respect to the Equipment and Inventory in such amounts, against such risks, in such form and with such insurers, as shall be satisfactory to Secured Party from time to time. Each insurance policy

shall provide for all losses to be payable to Secured Party and the Grantor as co-payees . Each such policy shall in addition (i) contain an endorsement or agreement by the insurer that any loss thereunder shall be payable in accordance with the terms of the Policy notwithstanding any act or negligence of the Grantor which might otherwise result in forfeiture of said insurance and the further agreement of the insurer waiving all rights of set off, counterclaim or deductions against Grantor, (ii) provide that there shall be no recourse against Secured Party for payment of Premiums or other amounts with respect thereto and (iii) provide that at least ten days' prior written notice of cancellation or of lapse shall be given to Secured Party by the insurer. The Grantor shall, if so requested by Secured Party, deliver to Secured Party original or duplicate policies of such insurance and, as often as Secured Party may reasonably request, a report of a reputable insurance broker with respect to such insurance. Further, the Grantor shall, at the request of Secured Party, duly execute and deliver instruments of assignment of such insurance policies to comply with the requirements of Section 6 and cause the respective insurers to acknowledge notice of such assignment.

(b) Reimbursement under any liability insurance maintained by the Grantor pursuant to this Section 8 may be paid directly to the person who shall have incurred liability covered by such insurance.

(c) Upon the occurrence and during the continuance of any Event of Default, all insurance payments in respect of such Equipment or Inventory shall be paid to and applied by Secured Party as specified in Section 14(b).

SECTION 9. As to Receivables. (a) The Grantor shall keep its chief place of business and chief executive office and the office where it keeps its records concerning the Receivables, and all originals of all chattel paper which evidence Receivables, at the location therefor specified in Section 5(a) or, upon 30 days' prior written notice to Secured Party, at such other locations in a jurisdiction where all action required by Section 6 shall have been taken with respect to the Receivables. The Grantor will hold and preserve such records and chattel paper and will permit representatives of Secured Party at any time during normal business hours to inspect and make abstracts from such records and chattel paper.



(b) Except as otherwise provided in this subsection (b), the Grantor shall continue to collect, at its own expense, all amounts due or to become due the Grantor under the Receivables. In connection with such collections, the Grantor may take (and, at Secured Party's direction, shall take) such action as the Grantor or Secured Party may deem necessary or advisable to enforce collection of the Receivables; provided, however, that Secured Party shall have the right upon the occurrence and during the continuance of an Event of Default or an event which, with the giving of notice or the lapse of time, or both, would become an Event of Default and upon written notice to the Grantor of its intention to do so, to notify the account debtors or obligors under any Receivables of the assignment of such Receivables to Secured Party and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Grantor thereunder directly to Secured Party and, upon such notification and at the expense of the Grantor, to enforce collection of any such Receivables, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Grantor might have done. After receipt by the Grantor of the notice from Secured Party referred to in the proviso to the preceding sentence, (i) all amounts and proceeds (including instruments) received by the Grantor in respect of the Receivables shall be received in trust for the benefit of Secured Party hereunder, shall be segregated from other funds of the Grantor and shall be forthwith paid over to Secured Party in the same form as so received (with any necessary endorsement) to be held as cash collateral and either (A) released to the Grantor so long as no Event of Default shall have occurred and be continuing or (B) if any Event of Default shall have occurred and be continuing, applied as provided by Section 14(b), and (ii) the Grantor shall not adjust, settle or compromise the amount or payment of any Receivable, or release wholly or partly any account debtor or obligor thereof, or allow any credit or discount thereon, except with the prior written consent of Secured Party.

SECTION 10. Transfers and Other Liens. The Grantor shall not: (a) sell, assign (by agreement, operation of law or otherwise) or otherwise dispose of any of the Collateral, except for sales of Inventory in the ordinary course of business; or (b) create or suffer to exist any Lien upon or with respect to any of the Collateral, except for the security interest created by this Agreement.

SECTION 11. Secured Party Appointed Attorney-in-Fact. Effective upon the occurrence of an Event of Default or an event which, with the giving of notice or lapse of time or both, would become an Event of Default, the Grantor hereby irrevocably appoints Secured Party the Grantor's attorney-in-fact, with full authority in the place and stead of the Grantor and in the name of the Grantor, Secured Party or otherwise, from time to time in Secured Party's sole discretion, to take any action and to execute any instrument which Secured Party may deem necessary or advisable to accomplish the purposes of this Agreement (subject to the rights of the Grantor under Section 9), including, without limitation:

- (i) to obtain and adjust insurance required to be paid to Secured Party pursuant to Section 8,
- (ii) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral,
- (iii) to receive, endorse, and collect any drafts or other instruments, documents and chattel paper, in connection with clause (i) or (ii) above, and
- (iv) to file any claims or take any action or institute any proceedings which Secured Party may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of Secured Party with respect to any of the Collateral.

SECTION 12. Secured Party May Perform. If the Grantor fails to perform any agreement contained herein, Secured Party may itself perform, or cause performance of, such agreement, and the expenses of Secured Party incurred in connection therewith shall be payable by the Grantor under Section 15.

SECTION 13. The Secured Party's Duties. The powers conferred on Secured Party hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for reasonable care in the custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, Secured Party shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral. The Secured Party shall be deemed to have exercised

reasonable care in the custody and preservation of any Collateral in its possession if such Collateral is accorded treatment substantially equal to that which Secured Party accords its own property, it being understood that Secured Party shall not have any responsibility for taking any necessary steps to preserve rights against any parties with respect to any Collateral.

SECTION 14. Remedies. If any Event of Default shall have occurred and be continuing:

(a) The Secured Party may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or in the Promissory Note or otherwise available to it, all the rights and remedies of a secured party on default under the Uniform Commercial Code in effect in the State of Texas (as amended from time to time, the "Code") (whether or not the Code applies to the affected Collateral) and Secured Party may also (i) require the Grantor to, and the Grantor hereby agrees that it will at its expense and upon request of Secured Party forthwith, assemble all or part of the Collateral as directed by Secured Party and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties and (ii) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of Secured Party's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as Secured Party may deem commercially reasonable. The Grantor agrees that, to the extent notice of sale shall be required by law, at least ten (10) days' notice to the Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification thereof. The Secured Party shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) Any cash held by Secured Party as Collateral and all cash proceeds received by Secured Party in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the sole discretion of Secured Party, be held by Secured Party as collateral for, and/or then or at any time thereafter applied (after payment of any amounts

payable to Secured Party pursuant to Section 15) in whole or in part by Secured Party against, all or any part of the Obligations in such order as Secured Party shall elect. Any surplus of such cash or cash proceeds held by Secured Party and remaining after payment in full of all the Obligations shall be paid over to the Grantor or to whomsoever may be lawfully entitled to receive such surplus.

(c) All rights and remedies of Secured Party expressed herein are in addition to all other rights and remedies possessed by Secured Party in the Promissory Note and any other agreement or instrument relating to the Obligations.

**SECTION 15. Indemnity and Expenses.**

(a) The Grantor hereby indemnifies Secured Party from and against any and all claims, losses and liabilities growing out of or resulting from this Agreement (including, without limitation, enforcement of this Agreement), except claims, losses or liabilities resulting from Secured Party's gross negligence or willful misconduct. IT IS THE EXPRESS INTENTION OF THE GRANTOR THAT SECURED PARTY SHALL BE INDEMNIFIED AND HELD HARMLESS AGAINST ANY AND ALL LOSSES, LIABILITIES, CLAIMS, DEFICIENCIES, JUDGMENTS OR EXPENSES ARISING OUT OF OR RESULTING FROM THE ORDINARY NEGLIGENCE (WHETHER SOLE OR CONTRIBUTORY) OF SECURED PARTY.

(b) The Grantor will upon demand pay to Secured Party the amount of any and all reasonable expenses, including the reasonable fees and disbursements of its counsel and of any experts and agents, that Secured Party may incur in connection with (i) the administration of this Agreement, (ii) the evaluation, appraisal, custody, preservation, use or operation of, or the sale of, collection from, or other realization upon, any of the Collateral, (iii) the exercise or enforcement of any of the rights of Secured Party hereunder or (iv) the failure by the Grantor to perform or observe any of the provisions hereof. Grantor agrees to pay interest on any expenses or other sums payable to Secured Party hereunder that are not paid when due at a rate per annum equal to the lesser of (i) the Maximum Rate and (ii) the Prime Rate plus 1%.

SECTION 16. Amendments, Etc. No amendment or waiver of any provision of this Agreement, nor consent to any departure by the Grantor herefrom, shall in any event be effective unless the same shall be in writing and signed by Secured Party, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 17. Addresses for Notices. All notices and other communications provided for hereunder shall be given in the manner and at the addresses, and shall become effective as, specified in the Promissory Note.

SECTION 18. Waiver of Marshalling. All rights of marshalling of assets of Grantor, including any such right with respect to the Collateral, are hereby waived by Grantor.

SECTION 19. Limitation by Law. All rights, remedies and powers provided in this Agreement may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Agreement are intended to be subject to all applicable mandatory provisions of law which may be controlling and to be limited to the extent necessary so that they will not render this Agreement invalid, unenforceable, in whole or in part, or not entitled to be recorded, registered or filed under the provisions of any applicable law.

SECTION 20. Separability. Should any clause, sentence, paragraph, subsection or Section of this Agreement be judicially declared to be invalid, unenforceable or void, such decision will not have the effect of invalidating or voiding the remainder of this Agreement, and the parties hereto agree that the part or parts of this Agreement so held to be invalid, unenforceable or void will be deemed to have been stricken herefrom by the parties hereto, and the remainder will have the same force and effectiveness as if such stricken part or parts had never been included herein.

SECTION 21. Captions. The captions in this Agreement have been inserted for convenience only and shall be given no substantive meaning or significance whatever in construing the terms and provisions of this Agreement.

SECTION 22. No Waiver; Remedies. No failure on the part of Secured Party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or

the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 23. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

SECTION 24. Continuing Security Interest; Transfer of Promissory Note. This Agreement shall create a continuing security interest in the Collateral and shall (i) remain in full force and effect until payment in full of the Obligations, (ii) be binding upon the Grantor, its successors and assigns and (iii) inure to the benefit of Secured Party and its successors, transferees and assigns. Without limiting the generality of the foregoing clause (iii), Secured Party may assign or otherwise transfer the Promissory Note held by it to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to Secured Party herein or otherwise. Upon the payment in full of the Obligations, the security interest granted hereby shall terminate and all rights to the Collateral shall revert to the Grantor. Upon any such termination, Secured Party will, at the Grantor's expense, execute and deliver to the Grantor such documents as the Grantor shall reasonably request to evidence such termination.

SECTION 25. Appraisals. The Grantor agrees that at any time and from time to time, at the expense of the Grantor, the Grantor, at the reasonable request of Secured Party, shall deliver to Secured Party an appraisal of the Collateral, in form and substance satisfactory to Secured Party.

SECTION 26. Survival of Representations and Warranties. All representations and warranties contained in this Agreement or made in writing by or on behalf of the Grantor in connection herewith shall survive the execution and delivery of this Agreement and repayment of the Obligations. Any investigation by Secured Party shall not diminish in any respect whatsoever its rights to rely on such representations and warranties.

**SECTION 27. GOVERNING LAW; TERMS. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.**

IN WITNESS WHEREOF, the Grantor has caused this Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

**CHAMELEON RADIO CORPORATION**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## **SCHEDULE TO SECURITY AGREEMENT**

### **Locations of Equipment:**

All equipment is located at the studio at \_\_\_\_\_.

### **Locations of Inventory:**

All inventory is located at the studio at \_\_\_\_\_.



**EXHIBIT 1.1A**  
**PERSONAL PROPERTY**

**See Attached**

**KIOX AM-1270 Equipment List**  
as of 2/14/95

**Outside:**

3 Phase Loop Tuners  
3 225' Antenna towers  
1 10' black mesh satellite antenna

<u>Engineering Area:</u>	<u>Model #</u>	<u>Serial #</u>
1 Harris Transmitter	SX1A	1985-0303-0016
1 ITA Transmitter (stand-by)	1000-A	
1 Collins Phasing Equipment	81M-1	711
1 Audimax III Automatic Level Control	444	2678
1 Volumax 400 Automatic Peak Controller	400	1839
1 Loop Current Monitor-Potomac Instruments		883
1 Belar AM Modulation Monitor	AMM-2A	131793
1 CRL Systems Audio Gain Controller	AGC-400	A-1157
1 CRL Systems Spectral Energy Compressor	SEC-400	C-1139
1 CRL Systems Peak Modulation Controller	PMC-400A	E-1152
1 AVCOM Sing.Chan./Carrier Low-Noise Conv.	SCPC-500-70	23016
1 AVCOM SCPC Audio Demodulator	SCPC-3000E	23015
1 Nems-Clarke Field Intensity Meter	120E	1422

<u>Studio Equipment:</u>	<u>Model #</u>	<u>Serial #</u>
1 Belar AM Meter Panel (Modulation Monitor)		
1 Arrakis Control Console	500-SCT-8S	88A402A61A
1 Arrakis Power Supply	PS-300	
1 Gorman-Redlich EBS Encoder/Decoder	CEB	
1 Gentner Phone Interface	SPH-3	008-000773
1 EDCOR Headphone Amplifier	HA400C	40135
1 Electa-Voice Microphone	RE-20	
1 Sennheiser Microphone	MD421-U-5	68311
5 Otari Reel-to-Reel	ARS 1000 DC	18870210 18870207 18840285 18870208 18870220
1 Craig Series 5000 Receiver		
1 JBL Studio Monitor	4410	
3 Datamax Cart Machine	CTR-12	D107158F1 009011F1C 009012F1C
1 Technics CD Player	SL-PG440	FE2LB0265
1 Technics CD Player	SL-P170	FE0HB45837
1 Technics Dual Cassette Deck	RS-T130	FK8613B302
1 Technics Turntable	SL-1200MK2	NH01F29487
1 Tandy Stereo Amplifier	SA-10	
1 Audio-Cord Cart Machine Rec/Play	S21	S959
1 Ampro Cart Machine Rec/Play	CT 354513	1211
1 Tascam Reel-to-Reel	22-2	165134-902
1 Harris Control Console	Gatesway 80	

## LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease") is made and entered into by and between CATHRYN LONG CLARK, Independent Executrix of the Estate of John G. Long, Deceased, and JAMES M. ALLEN, Independent Administrator of the Estate of Mary Adams Long, Deceased, hereinafter called "Lessor" and NORTH STAR COMMUNICATIONS, INC., a Texas Corporation, hereinafter called "Lessee".

### WITNESSETH:

#### I.

Lessor is the owner of that land described in Exhibit A attached hereto such land being hereinafter referred to as the "Leased Premises." There is located on the Leased Premises a radio studio building and transmitter tower (hereinafter referred to as the "Improvements") which have been sold by Bay Broadcasting, Ltd., a Texas limited partnership to Lessee by bill of sale of even date herewith. Neither of such Improvements constitute a part of the Leased Premises. However, this Lease establishes particular obligations of Lessee and rights of Lessor with respect to the Improvements. Lessor hereby leases to Lessee, and Lessee leases from Lessor the Leased Premises subject to the terms and conditions hereof.

#### II.

The term of this lease shall commence on the 22nd day of August, 1988, and shall terminate on the 21st day of August, 2013, unless sooner terminated as provided herein.

#### III.

Lessee shall pay to Lessor as the base rental for the Leased Premises during the term hereof monthly installments of \$625.00 each, on the 1st day of each month during the term hereof commencing on the 1st day of September, 1988. All rental and other amounts of money to be paid by Lessee to Lessor shall be payable in Bay City, Matagorda County, Texas, at such specific address as may be designated by Lessor. The aforesaid base rental amount shall be subject to increase in the event the ad valorem taxes or any special assessments on the Leased Premises shall be increased by

partnership, general or limited, Mortgagee shall have any and all of the rights and remedies described above in the event of a sale, transfer or assignment of the general partnership shares or interests of Mortgagor which at any time, taking into consideration any prior sales, transfers or assignments, results in a change of more than twenty-five percent (25%) of the currently existing general partnership shares or interests of Mortgagor. If Mortgagor is a corporation, Mortgagee shall have any and all of the rights and remedies described above in the event of a sale, transfer or assignment of the shares of stock in Mortgagor or any issuance, reissuance or creation of new shares of stock of Mortgagor, resulting in a change of the current control of Mortgagor or a change in ownership of more than forty-nine percent (49%) of the current shares of issued and outstanding stock of Mortgagor. Mortgagee's option set forth herein shall not apply in the case of any such sale, transfer, assignment or lease when Mortgagee is satisfied in its sole discretion that the sale, transfer or assignment would not diminish the value of the Properties or increase the risk of default under this instrument and when the transferee's creditworthiness and management ability are satisfactory to Mortgagee (in Mortgagee's sole opinion) and the transferee has executed, at the option of Mortgagee, prior to such sale, transfer or assignment a written assumption agreement whereby the transferee assumes the Indebtedness and all obligations of Mortgagor contained herein or in any document executed in connection with or as security for the Indebtedness, and containing such terms as Mortgagee may require, including without limitation, if required by Mortgagee, an increase in the rate of interest payable on the Indebtedness and the payment of a reasonable transfer fee, in an amount to be determined by Mortgagee. Notwithstanding the foregoing to the contrary, Mortgagee shall not exercise its option pursuant to this provision in those circumstances prohibiting same set forth in Section 341 of the Garn St-Germain Depository Institutions Act of 1982, as same may have been amended from time to time (codified under 12 U.S.C.A. §1701j-3), or in those circumstances prohibiting same set forth in regulations from time to time issued by the Federal Home Loan Bank Board, as same may have been amended from time to time, relating to the Garn St-Germain Depository Institutions Act of 1982.

## VI.

### MISCELLANEOUS

A. Survival of Obligations. Each and all of the obligations hereunder shall survive the execution and delivery of this instrument and the consummation of the transaction evidenced by the Note, and shall continue in full force and effect until the Indebtedness shall have been paid in full.

B. Further Assurance. Mortgagor, upon the request of Trustee or Mortgagee (or any other holder of the Indebtedness secured hereby) at any time and from time to time, will execute, acknowledge, deliver and record and/or file such further instruments, and do such further acts as may be necessary, desirable or proper to carry out more effectively the purposes of this instrument, to subject to the liens and security interests thereof any property intended by the terms thereof to be covered thereby, including, specifically, without limitation, any renewals, additions, substitutions, replacements or appurtenances to the Properties, and to complete, execute, record and file any document or instrument necessary to perfect said security interests and/or liens or place third parties on notice of the liens and security interests granted

J. Partial Invalidity. If any provision in this instrument is invalid or unenforceable in whole or in part, this instrument shall in all other respects remain in full force and effect.

K. Usury Savings. In no event shall any provision of this instrument, the Note, or any other instrument evidencing or securing the Indebtedness ever obligate Mortgagor to pay or allow Mortgagee to collect interest on the Note or any other indebtedness secured hereby at a rate greater than the maximum non-usurious rate permitted by applicable law (herein referred to as the "Highest Lawful Rate"), or obligate Mortgagor to pay any taxes, assessments, charges, insurance premiums or other amounts to the extent that such payments, when added to the interest payable on the Note or any other note secured hereby, would be held to constitute the payment by Mortgagor of interest at a rate greater than the Highest Lawful Rate; and this provision shall control over any provision to the contrary. To the extent the Highest Lawful Rate is determined by reference to the laws of the State of Texas, same shall be determined by reference to the indicated (weekly) rate ceiling (as defined and described in Texas Revised Civil Statutes Article 15069-1.04, as amended) at the applicable time in effect.

Without limiting the generality of the foregoing, in the event the maturity of all or any part of the principal amount of the Indebtedness shall be accelerated for any reason, then such principal amount so accelerated shall be credited with any interest theretofore paid thereon in advance and remaining unearned at the time of such acceleration. If, pursuant to the terms of this instrument or the Note, any funds are applied to the payment of any part of the principal amount of the Indebtedness prior to the maturity thereof, then (a) any interest which would otherwise thereafter accrue on the principal amount so paid by such application shall be canceled, and (b) the Indebtedness remaining unpaid after such application shall be credited with the amount of all interest, if any, theretofore collected on the principal amount so paid by such application and remaining unearned at the date of said application; and if the funds so applied shall be sufficient to pay in full all the Indebtedness, then Mortgagee shall refund to Mortgagor all interest theretofore paid thereon in advance and remaining unearned at the time of such acceleration. Regardless of any other provision in this instrument, or in any of the written evidences of the Indebtedness, Mortgagor shall never be required to pay any unearned interest on the Indebtedness or any portion thereof, and shall never be required to pay interest thereon at a rate in excess of the Highest Lawful Rate construed by courts having competent jurisdiction thereof.

L. Joint and Several Liability. All obligations of Mortgagor hereunder shall be joint and several in the event Mortgagor is more than one person or party.

M. Successors and Assigns. Except as otherwise set forth in Section VI hereof, all of the provisions hereof shall apply to and be binding upon Mortgagor and the heirs, personal representatives, successors and assigns of Mortgagor, and shall apply to and inure to the benefit of Mortgagee and its successors and assigns, including all future holders of the Indebtedness.

N. Inspection of Properties. Mortgagor will permit Trustee and Mortgagee, and their agents, representatives and employees, to inspect the Properties at all reasonable times.

O. **Business or Commercial Purpose.** Mortgagor warrants that the extension of credit evidenced by the Note secured hereby is solely for business or commercial purposes, other than agricultural purposes. Mortgagor further warrants that the credit transaction evidenced by the Note is specifically exempted under Section 226.3(a) of Regulation Z issued by the Board of Governors of the Federal Reserve System and Title 12 (Truth in Lending Act) and Section 1603 of Title 15 (General Provisions) of the Consumer Credit Protection Act and that no disclosures are required to be given under such regulations and federal laws in connection with the above transaction.

P. **Final Agreement of the Parties.** In consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Mortgagor hereby confirms and agrees that this Deed of Trust (including the Exhibits attached hereto), the Note, any guarantees of the Note executed by any guarantors and all other loan papers related hereto or thereto executed by any of the parties hereto or thereto substantially concurrently herewith together constitute a written "loan agreement" as defined in Section 26.02(a) of the Texas Business and Commerce Code.

**THIS WRITTEN DEED OF TRUST REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.**

IN WITNESS WHEREOF, Mortgagor has executed this Deed of Trust effective the \_\_\_\_\_ day of March, 1995.

MORTGAGOR:

CHAMELEON RADIO CORPORATION,  
a Texas corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

THE STATE OF TEXAS

COUNTY OF \_\_\_\_\_

§  
§  
§

THIS INSTRUMENT was acknowledged before me on \_\_\_\_\_,  
1995, by \_\_\_\_\_,  
of CHAMELEON RADIO CORPORATION, a Texas corporation, on behalf of said  
corporation.

\_\_\_\_\_  
Notary Public in and for  
the State of Texas

Printed Name of Notary:

\_\_\_\_\_  
My Commission Expires: \_\_\_\_\_

Attachment:

1. Exhibit A - Description of Leased Property

After recording return to:

Chanse L. McLeod  
Andrews & Kurth L.L.P.  
4200 Texas Commerce Tower  
Houston, Texas 77002

# Exhibit A

LEASEHOLD ESTATE IN 23.04 acres, more or less, in and a part of the John Duncan Survey #3, Abstract 150, the M. O'Connell Survey, Abstract 476, the I. & G.N.R.R. Co. Survey #3, Block 3, Abstract 339, the I. & G.N.R.R. Co. Survey #2, Block 3, Abstract 275, Matagorda County, Texas, and is a portion of Lots 6 & 7 of the Morton's Buck's Bayou Subdivision, as recorded in Volume 35, Page 143, Deed Records, Matagorda County, Texas, and is a portion of a called 331.32 acre tract of land, described by deed dated March 31, 1944, and recorded in Volume 154, Page 147, Deed Records Matagorda County, Texas. Said 23.04 acres of land is more particularly described by metes and bounds as follows:

BEGINNING at a 5/8 inch iron rod set in the Southeasterly right-of-way line of Texas State Highway #35, a 110 foot wide highway right-of-way, for the Northwesterly corner of this tract herein described. Said iron rod bears N 57° 26' E 723.66 feet from the Westerly corner of the aforesaid Lot 7;

THENCE, N 57° 26' E, continuing along the Southeasterly right-of-way line of Highway #35 for a distance of 500.00 feet to a 5/8 inch iron rod set for the North corner of this tract herein described;

THENCE, S 32° 46' 36" E, for a distance of 302.00 feet to a 5/8 inch iron rod set for an interior corner of this tract herein described;

THENCE, N 57° 26' E, for a distance of 61.78 feet to a 5/8 inch iron rod set for a corner of this tract herein described;

THENCE, S 32° 46' 36" E, for a distance of 1212.03 feet to a 5/8 inch iron rod set for the Easternmost corner of this tract herein described;

THENCE, S 57° 26' W, for a distance of 749.69 feet to a 5/8 inch iron rod set for the Southernmost corner of this tract herein described;


THENCE, N 32° 46' 36" W, for a distance of 917.74 feet to a 5/8 inch iron rod set for a corner of this tract herein described;

THENCE, N 57° 13' 24" E, for a distance of 187.91 feet to a 5/8 inch iron rod set for an interior corner of this tract herein described;

THENCE, N 57° 13' 24" E, for a distance of 298.00 feet and continuing for a total distance of 600.00 feet to the PLACE OF BEGINNING, containing within these metes and bounds 23.04 acres, more or less, in and a part of Lots 6 & 7, Morton's Buck's Bayou Subdivision, John Duncan Survey #3, Abstract 150, M. O'Connell Survey, Abstract 476, I. & G.N.R.R. Co. Survey #3, Block 3, Abstract 339, and I. & G.N.R.R. Co. Survey #2, Block 3, Abstract 275, Matagorda County, Texas.

NOTE: THIS SURVEY WAS MADE WITHOUT THE AID OF A TITLE SEARCH OR TITLE REPORT.

The foregoing PROPERTY DESCRIPTION was prepared from an actual on the ground survey made under my direction and supervision in July 1985, and is true and correct to the best of my knowledge and belief.

  
Marvin J. Janik  
Registered Public Surveyor  
No. 2817





## memorandum

DATE: MARCH 23, 1994

REPLY TO  
ATTN OF: ANDREE R. ELLIS, COMMUNICATIONS ANALYST, AM BRANCH

SUBJECT: DUOPOLY

TO: SON KIM NGUYEN, SUPV. ENGINEER, AM BRANCH

I WOULD LIKE TO KNOW IF ANY OVERLAP EXISTS BETWEEN K10X (Am), BAY CITY, TX  
AND THE STATION (S) INDICATED BELOW. THIS IS REQUIRED DUE TO PENDANCY OF  
APPLICATION FOR STATION K10X (Am) BAL-950216 EA I WOULD LIKE TO ALSO KNOW  
THE DISTANCE IN MILES INVOLVED.

STATION K10X (Am) FREQ. 1270 KHz 28-59-51 95-54-42  
BAY CITY, TX

KHYM (Am) FREQ 1060 KHz 32-43-51 95-02-35-LIC  
GILMER, TX 32-23-26 94-59-53-APP

K10X to KHYM LICENSE = 263 miles ; 423.3 KM.

K10X to KHYM APP = 240.6 miles ; 387.2 KM.